

Alaska Visitor Statistics Program VI Interim Visitor Volume Report

Fall/Winter 2010-11

Prepared for:

State of Alaska

*Department of Commerce, Community,
and Economic Development
Division of Economic Development*



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Key Findings

This report estimates the volume of out-of-state visitors to Alaska for the fall/winter period of October 1, 2010 and April 30, 2011, as part of the *Alaska Visitor Statistics Program VI (AVSP)*. The AVSP is conducted by McDowell Group for the Alaska Department of Commerce, Community, and Economic Development (DCCED), Division of Economic Development. Following are key findings from the study.

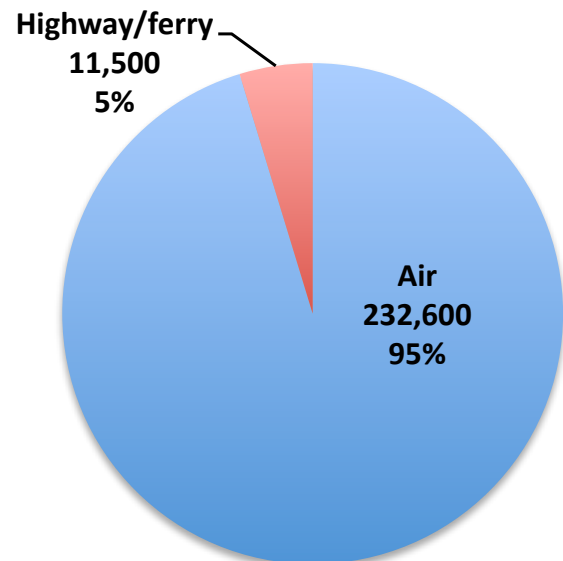
Visitor Volume, Fall/Winter 2010-11

An estimated 244,100 out-of-state visitors came to Alaska between October 2010 and April 2011 (referenced as “fall/winter”). Nearly all of these visitors (95 percent) exited the state via airplane, while 5 percent exited by highway or ferry. This pattern differs significantly from the summer visitor season, when about half of Alaska visitors exit the state via cruise ship.

Changes from 2009-10

Visitor volume increased an estimated 3.0 percent from fall/winter 2009-10, the first fall/winter increase in four years. The increase was attributable to a 3.4 percent increase in air visitor exits. While highway exits decreased (by 5.7 percent) and ferry exits increased (by 7.1 percent), these changes reflect small numbers of visitors, and volume for these modes was generally consistent with those of the previous several fall/winter periods.

Alaska Visitor Volume, Fall/Winter 2010-11
By Exit Mode



Total Visitors: 244,100

Visitor Volume, by Exit Mode, Fall/Winter 2007-08 to 2010-11

Exit Mode	2007-08	2008-09	2009-10	2010-11	% change 09-10 to 10-11
Air	235,900	231,300	225,000	232,600	+3.4%
Highway	10,100	9,700	10,600	10,000	-5.7%
Ferry	1,400	1,500	1,400	1,500	+7.1%
Total	247,400	242,500	237,000	244,100	+3.0%

Several indicators support the increase in visitor volume. Municipality of Anchorage bed tax revenues increased by 5.8 percent between the October-March periods of 2009-10 and 2010-11 (first and fourth quarters), while vehicle rental tax revenues grew by 2.4 percent.¹ (Anchorage statistics are particularly important indicators in the fall/winter season as Anchorage receives nearly three-quarters of all fall/winter visitors, according to data gathered in AVSP V, conducted in 2006-07.) The Anchorage Convention and Visitors Bureau reports that convention attendance fell by 9.9 percent between fall/winter 2009-10 and 2010-11; however, the convention market is a relatively small segment of the overall visitor market. Bed tax

¹ Room Tax Returns, Municipality of Anchorage, www.muni.org.

revenues for the City of Fairbanks grew by 8.7 percent between the October-April periods of 2009-10 and 2010-11.² (Fairbanks received 22 percent of Alaska's visitors in fall/winter 2006-07.)

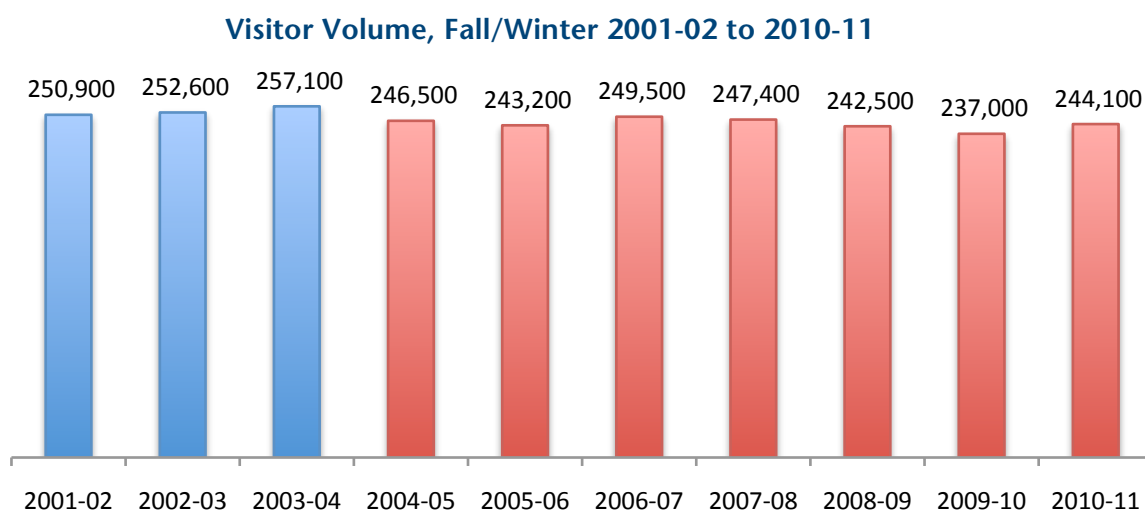
While bed and vehicle tax revenues are valuable visitor industry indicators, it is important to note that they reflect both resident and visitor usage. In addition, fluctuating rates affect the amount of tax revenues.

The international visitor market is also of interest in the fall/winter season. Although they comprise a modest 8 percent of the total fall/winter market (according to 2006-07 Fall/Winter AVSP V data), they are much more likely to be traveling for vacation/pleasure. AVSP V data shows that 47 percent of these visitors were traveling for vacation/pleasure in 2006-07, compared to just 12 percent of all visitors. One indicator of international traffic is international air exits (keeping in mind that many international visitors exit via domestic air). In 2010-11, exiting international passenger traffic declined for both China Airlines (19 percent) and Japan Airlines (6 percent). Total international air exits were down by 13 percent.³ China Airlines announced in the spring of 2011 that they would be discontinuing service to Anchorage International Airport in April 2011.

Nationwide, domestic air enplanements rose by 3.8 percent between the October-February periods of 2009-10 and 2010-11. During the same periods, international air enplanements in the U.S. increased by 6.2 percent. (March and April enplanement data is not yet available.)

Visitor Volume Trends

The following chart shows trends in estimated visitor volume, measured by modes of entry (2001-02 to 2003-04) and exit (2004-05 to 2010-11). Fall/winter visitor volume recovered in 2010-11 after three straight years of declines.



Sources: 2001-2004 data from *Alaska Visitor Arrivals* studies (conducted by Northern Economics, Inc.); 2004-2011 data based on 2006-07 visitor/resident ratios obtained for AVSP V (conducted by McDowell Group, Inc.).

² Bed Tax Information, City of Fairbanks, www.ci.fairbanks.ak.us

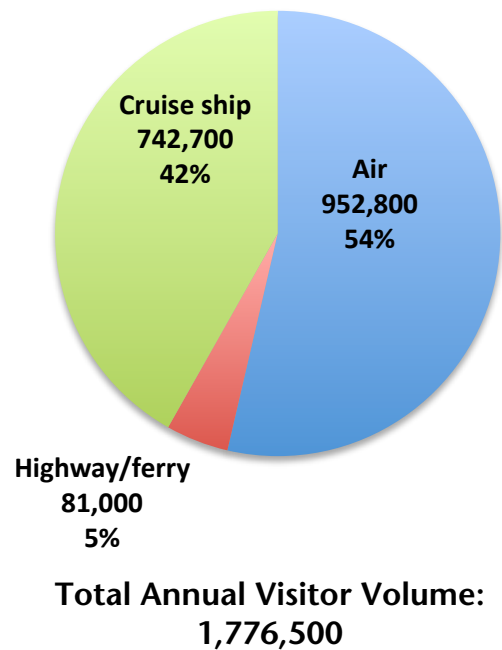
³ Changes in travel patterns since the 2006-07 visitor season make it beyond the scope of this report to estimate the size of the international market.

Full-Year Visitor Volume

Combining results of the Summer 2010 and Fall/Winter 2010-11 AVSP study periods, the volume of out-of-state visitors to Alaska for the 12-month period was 1,776,500 – a decrease of 3.4 percent from the previous 12-month period. The summer market (1,532,400) represented 86 percent of the annual volume; the winter market (244,100) represented 14 percent. The chart at right shows the full-year volume by exit mode. Because some cruise ship passengers exit the state by airplane, the actual number of 2010 cruise ship passengers (878,000) is higher than the exiting volume (742,700).

The significant decline (4.3 percent) of visitors in summer 2010 is the primary driver of the decline in full-year visitation, and occurred despite the 3 percent increase in fall/winter volume. Additional information related to the summer 2010 visitor season is provided in the *Summer 2010 Interim Visitor Volume Report*.

Alaska Visitor Volume, May 2010-April 2011
By Exit Mode



This report provides visitor volume estimates for Alaska between October 1, 2010 and April 30, 2011 as part of the *Alaska Visitor Statistics Program VI (AVSP)*, conducted by McDowell Group for the Alaska Department of Commerce, Community, and Economic Development (DCCED), Division of Economic Development. The last time McDowell Group collected primary data on visitor volume was in 2006-2007 as part of *AVSP V*. The study included collection of visitor/resident ratios at airports, onboard ferries, and at border stations as visitors exited Alaska. Survey field staff tallied nearly 30,000 travelers between October 1, 2006 and April 30, 2007 to determine visitor/resident ratios by location and month. The study team applied the 2006-07 ratios to 2010-11 traffic data to arrive at the estimates in this report.

Visitor/resident ratios can and do change over time, becoming less reliable as economic and visitor industry conditions change. As part of a study of visitor industry impacts for DCCED, McDowell Group conducted a survey of businesses that asked about their change in visitor volume between 2007-08 and 2008-09. While there were significant changes reported in the summer market, those serving the fall/winter market reported little to no change in this period. As a result, the original ratios were maintained for both 2008-09 and 2009-10. For the 2010-11 period, a slight adjustment was made to the ratios for domestic air traffic, based on reports from Alaska Airlines (which accounts for over three-quarters of exiting fall/winter traffic) that resident travel increased at a higher rate than visitor travel over the fall/winter period.

After initial publication of this report, the full-year visitor numbers were revised in December 2011, based on a change to summer 2010 visitor traffic estimates. Summer Domestic Air visitor volume estimates were updated based on ratios obtained in summer 2011, on the assumption that 2011 ratios would more accurately reflect 2010 traffic than the ratios originally obtained in 2006.

A detailed description of the methodology employed in the visitor volume estimates can be found in the full *AVSP V* Summer and Fall/Winter reports, available at: www.dced.state.ak.us/oed/toubus/home.cfm

The AVSP VI study team would like to acknowledge the following entities for their assistance with the project.

- Alaska Travel Industry Association
- Ted Stevens Anchorage International Airport
- Fairbanks International Airport
- Alaska Airlines
- Alaska Marine Highway System
- Yukon Department of Tourism and Culture
- US Customs and Border Protection

Additional Traffic Data

Long-Term Trends

The table below shows trends in estimated visitor volume by mode of entry (2001-02 to 2003-04) and exit (2004-05 to 2010-11). The 2010-11 season showed the first increase in fall/winter volume in several years, driven by an increase in air travel. Both ferry and highway volume have stayed relatively flat since 2004-05, and in any case represent only 5 percent of exiting volume.

Trends in Fall/Winter Visitor Volume, By Entry/Exit Mode, 2001-02 to 2010-11

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Air	235,500	237,100	241,500	234,100	231,800	237,600	235,900	231,300	225,000	232,600
Highway	13,800	13,900	13,900	10,800	9,900	10,300	10,100	9,700	10,600	10,000
Ferry	1,600	1,600	1,700	1,600	1,500	1,600	1,400	1,500	1,400	1,500
Total	250,900	252,600	257,100	246,500	243,200	249,500	247,400	242,500	237,000	244,100
% change	-1.3%	+0.7%	+1.8%	-4.1%	-1.3%	+2.6%	-0.8%	-2.0%	-2.3%	+3.0%

Note: 2001-02 to 2003-04 data based on entry mode; 2004-05 to 2010-11 data based on exit mode.

Sources: 2001-02 to 2003-04 data from *Alaska Visitor Arrivals* studies (conducted by Northern Economics, Inc.); 2004-05 to 2010-11 data based on 2006-07 visitor/resident ratios obtained for AVSP V (conducted by McDowell Group, Inc.).

The table below shows trends in estimated visitor volume for the 12-month period between May and April. The 2010-11 period marked the third consecutive decline in annual visitor volume, and the second significant decline (3.4 percent, following a drop of 5.7 percent). However, the 2010-11 volume of 1.78 million is still 22 percent above where the decade started at 1.45 million.

Trends in Full-Year Visitor Volume, By Entry/Exit Mode, 2001-02 to 2010-11

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Air	824,400	831,400	834,400	869,700	1,018,500	1,033,500	1,047,200	1,031,900	927,800	952,800
Cruise ship	510,000	581,000	620,900	712,400	761,100	758,100	827,800	836,500	835,000	742,700
Highway	100,500	96,800	94,300	94,000	82,000	76,100	74,400	69,600	65,800	69,500
Ferry	18,800	18,400	17,600	17,800	13,600	13,300	12,100	11,900	10,100	11,500
Total	1,453,700	1,527,600	1,567,200	1,693,900	1,875,200	1,881,000	1,961,500	1,949,900	1,838,700	1,776,500
% change	n/a	+5.1%	+2.6%	+8.1%	+10.7%	+0.3%	+4.3%	-0.6%	-5.7%	-3.4%

Notes: 2001-02 to 2004-05 data based on entry mode; 2005-06 to 2009-10 data based on exit mode.

The 2000-01 period is not included because there was no Summer 2000 visitor volume estimate.

Sources: 2001-02 to 2004-05 data from *Alaska Visitor Arrivals* studies (conducted by Northern Economics, Inc.); 2005-06 to 2009-10 data based on 2006-07 visitor/resident ratios obtained for AVSP V (conducted by McDowell Group, Inc.).

Total Traffic

“Total traffic” refers to the number of people exiting Alaska during the study period, including Alaska residents and out-of-state visitors. These figures include passengers onboard planes exiting the state; passengers in vehicles crossing from Alaska to the Yukon on three highways (the Top of the World Highway is closed in fall/winter); and passengers onboard Alaska Marine Highway vessels sailing from Alaska to Prince Rupert and Bellingham.

Total Traffic, by Exit Mode, Fall/Winter 2010-11

Exit Mode	Total Traffic
Air	734,900
Highway	41,000
Ferry	6,200
Total	782,100

Visitor/Resident Ratios

The following table shows the percentage of traffic for each exit mode that was out-of-state visitors in fall/winter 2010-11. These ratios are a composite of ratios collected by location, on a monthly basis. Because they were applied to traffic data on a monthly and by-location basis, applying them to overall traffic will not yield the same results.

It is important to note that the highway ratio refers to highway travelers who are exiting the state for the final time on their trip. This eliminates the possibility of double-counting visitors who exit the state twice – for example, ferry passengers who exit the state at Beaver Creek, then re-enter at Haines to board a ferry.

**Visitor/Resident Ratios, by Mode
Fall/Winter 2010-11**

Exit Mode	Percentage Visitors
Air	31.7%
Highway ¹	23.9%
Ferry	24.3%
Total	31.2%

¹ The highway ratio refers to “last-exit” visitors: not planning to re-enter Alaska on the same trip.